

News

United States
Department
of Labor



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OCTOBER 2003 CONSUMER PRICE INDEX HOUSTON-GALVESTON-BRAZORIA, TEXAS

Retail prices in the Houston-Galveston-Brazoria metropolitan area rose 1.2 percent during September/October following a 1.0-percent rise in the previous bimonthly period, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Regional Commissioner Bob Gaddie stated that housing and apparel were the largest contributors in the current bimonthly movement and exhibited the same pattern shown in September/October 2002 when overall prices rose 1.6 percent. The Regional Commissioner noted that because these data are not adjusted for seasonal price variation, consumers and businesses should be cautious in drawing conclusions about long-term retail price trends from short-term changes in the Consumer Price Index.

The Houston Consumer Price Index for All Urban Consumers (CPI-U) stood at 166.1 (1982-84=100) in October, 2.2 percent above the year-ago level. A typical market basket of goods and services that cost \$100.00 in 1982-84, therefore, cost \$166.10 last month. Annual price increases have remained within the range of 2.2 percent to 2.7 percent since April of this year. Removing the often volatile components of food and energy, the index for all items less food and energy (frequently referred to as the "core" index) rose 0.6 percent during the last 12 months, its slowest rate since February 2002.

The housing index rose 1.8 percent during September/October, accounting for more than one-half of Houston's total bimonthly price increase. Higher costs for shelter and household furnishings and operations were the driving factors in the housing gain. The vast majority of the 2.1-percent rise in shelter was attributable to a sharp increase in hotel and motel charges, as rent of a primary residence advanced a more modest 0.4 percent and owners' equivalent rent was unchanged. Costs for household furnishings and operations also contributed to the housing rise with an increase of 1.8 percent. During September/October natural gas and electricity prices edged up 0.1 percent. However, on an annual basis, utility costs provided the primary impetus for the 3.6 percent housing gain. Over the year, electricity costs advanced 20.8 percent while natural gas prices surged 43.9 percent. During the same period the shelter index rose at a much slower 1.9-percent rate and costs for household furnishings and operations actually declined 1.5 percent.

Houston Consumer Price Index – October 2003 (Continued)

Apparel prices rose sharply in September/October, up 9.7 percent, following a gain of 3.5 percent in July/August. The increases in part reflected seasonally higher prices as the introduction of new fall and winter lines continued into the latest period. Nearly all of the clothing items surveyed registered price increases, but the greatest impact came from notably higher costs for men's shirts and sweaters, women's apparel, and boys' and girls' footwear. The apparel index rose 7.0 percent during the latest year, representing a sharp turnaround from the October 2002 annual decline of 1.8 percent.

While higher housing and clothing prices were the biggest determinants in the overall bimonthly advance, prices for food and beverages also played a major role. Food and beverage costs rose 1.8 percent in September/October, following a 0.7-percent increase in July/August. A 2.6-percent bimonthly rise in grocery costs was the most important contributor. Higher prices were noted for many items but particularly for pork, poultry, eggs, dairy products, and fresh vegetables such as lettuce and tomatoes. Over the year, grocery costs rose 6.3 percent, the highest annual increase since the year ended in January 1997 (6.5 percent). During the previous 12 months, prices for restaurant meals increased 1.9 percent and alcoholic beverage prices moved up 3.0 percent. This led to a combined total food and beverages increase of 4.1 percent.

Medical care costs rose 2.3 percent in September/October – the largest bimonthly gain since a rise of equal magnitude in March/April 2002. Prior to September/October, prices for medical goods and services had either declined or registered only minimal gains in each of the bimonthly periods in 2003. As a result, the annual increase in medical care was 2.8 percent, only slightly higher than the latest bimonthly gain.

Transportation costs dropped 1.8 percent in September/October after rising 1.2 percent in July/August. Lower prices for new and used motor vehicles and gasoline contributed equally to the latest decline. Gasoline costs dropped 5.0 percent during the bimonthly period and rose just 1.6 percent over the year. The average price of a gallon of gasoline stood at \$1.468 in October. The annual increase in gasoline as well as higher automobile insurance premiums were more than offset by lower prices for new and used vehicles during the last 12 months. These movements left the total transportation index 1.9 percent below a year ago.

The three remaining categories recorded less substantial changes during the latest bimonthly period. The other goods and services index increased 0.6 percent in September/October and was 2.6 percent higher than a year ago. The cost of recreation dipped 0.4 percent during the last two months after rising 0.3 percent in the previous period. Over the year, the recreation index declined 1.0 percent, its first annual drop since December 2002. Prices in the education and communication component were unchanged during the latest bimonthly period and were 1.3 percent lower than their year-ago level.